

FORTIS INVESTMENTS
GLOBAL EQUITY: MSCI ACWI BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2008**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
Fortis	-12.57%				
MSCI ACWI	-12.50%				

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

The markets began September on shaky ground and finished in a heap of rubble as a crisis of confidence in the financial system sparked panic selling. As major financial institutions such as Lehman Brothers, Merrill Lynch and AIG collapsed the VIX (volatility index) spiked to an all-time high. As the market looked for stability the US congress rejected a plan to stabilize financial markets, sending stocks plummeting and investors running for cover in treasuries as yields dove sharply lower. Emerging markets and the commodity sectors sold off the sharpest amidst concerns of weakening growth.

The fund slightly underperformed the benchmark in September as we were hurt by our growth style bias as well as from our stock selection in the materials and industrials sectors. Amidst the volatility value stocks outperformed growth stocks by nearly 4% in September. Our position in Cleveland-Cliffs, the largest producer of iron ore pellets in North America was the largest detractor from performance as the stock got pounded amidst the commodity stock sell-off. We continue to like the company's prospects and currently believe it to be severely undervalued.

While we expect to see the market trade sideways until the dust settles, we have become more bullish again as we are beginning to see the work-through in the system in the US. We take comfort in seeing some of the aggressive moves by policy-makers to avoid a situation that could inevitably resemble Japan in the 1990s. We do however remain concerned about the environment in Europe as economic growth is quickly slowing and financial institutions with weak capital positions remain under pressure. We also believe that the problems in Europe could exacerbate without common government intervention. Within Asia, we continue to see China as a highly geared play as its enormous capex represents operating leverage. Our concern with leverage which is clearly illustrated in current credit markets is that when the top-line drops the bottom-line drops more. We have maintained conservative exposure to emerging markets and continue to do so as investors remain risk-averse. In many ways investors are seeking safety in transparency by shifting from long duration to short duration and emerging markets represent long duration plays.

While visibility of growth appears low at the sector and country level, we continue to find attractive opportunities at the stock level. Within consumer staples we are positioned in companies with healthy pricing power. In discretionary, we favor companies with strong balance sheets and solid business models that will be well positioned heading into a recovery. In industrials, the companies that are exposed to infrastructure spending and mining investments remain attractive. In energy we have increased our exposure to integrated companies as the declining oil price is leading to better margins. In health care we remain positioned in high growth large cap biotechnology companies with attractive pipelines. Overall, we remain focused on identifying companies that can grow their earnings at superior and sustainable levels relative to their industry peers. We maintain a concentrated yet well diversified set of high conviction ideas.

ORGANIZATIONAL/PERSONNEL CHANGES

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				

MANAGER STYLE SUMMARY

Fortis is a fundamental, growth-oriented, "bottom-up" manager, who seeks to add value through individual security selection while maintaining a relatively sector/region neutral portfolio. They seek to add value by building a portfolio representing the most successful global businesses and look for companies with superior free cash flow and revenue growth. This is a concentrated portfolio, representing their best ideas and consisting of approximately 45 stocks, and as a result, may experience more volatility than the market.

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PORTFOLIO GUIDELINE COMPLIANCE

SEPTEMBER

2008

Portfolio Guideline:	Index	Fortis	Calc	Min	Max	Compliance
B3. No more than 5% of the account shall be invested @purchase in any one security						ok
B4. Number of issues		52		35	55	ok
B5. Normal Regional Exposures (relative to index levels)						
North America (US & Canada)	49%	64%		39%	59%	check
Europe (Developed, incl UK)	28%	14%		18%	38%	check
Japan	9%	8%		4%	14%	ok
Asia ex Japan (Developed)	4%	4%		-1%	9%	ok
Emerging Markets	10%	10%		0%	20%	ok
Total		100%				
B6. Normal Global Portfolio Characteristics (relative to index)						
Capitalization	56,745	50,376	89%	50%	120%	ok
Price/Book Value	1.8	2.3	128%	100%	200%	ok
Price/Earnings (projected)	10.9	12.0	110%	100%	200%	ok
Price/Cash Flow (projected)	7.0	9.8	140%	75%	150%	ok
Dividend Yield	3.2	2.3	72%	75%	125%	check
ROE	19.4	20.6	106%	100%	150%	ok
Sales Growth	14.2	18.8	132%	100%	200%	ok
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterparty <= 30% of total mv of account						ok
F2. Brokerage commissions not to exceed \$0.05/share for U.S. equities						ok
F3. Annual turnover		80%			200%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

B5. Regional Exposures: Temporary ETF positions used to maintain sector neutrality while repositioning are being allocated to the US (iShares Global, Materials, Financials,

B6. Price/Book Value: Data from Factset shows P/B of 2.1 while UBS shows P/B of 2.7 for portfolio v. 2.1 for BM. Issue likely with Factset data feed.